Permission for Imposition of service tax

2954. SHRI V.V. RAGHAVAN:
SHRI J. CHITHARANJAN:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Government propose to allow State Governments to tax 25 services in order to compensate them for loss of revenue due to introduction of uniform VAT from 1st April, 2001;

(b) if so, the details thereof;

(c) whether Government had given any assurance to the State Governments while agreeing for Uniform Taxation regarding the revenue planning to compensate the losses; and

(d) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGEE N. RAMACHANDRAN): (a) and (b) No State has introduced VAT from 1st April, 2001. Hence, the question of compensation does not arise.

(c) and (d) In the conference of Chief Ministers held on 16.11.1999, it was decided by the States to have uniform floor rates of sales tax from 01.01.2000. It was noticed that due to introduction of uniform floor rates of taxation by States, there has been a proportionate revenue gain. Since there has been a gain in revenue, the question of compensation does not arise.

Central Assistance to Karnataka for Implementation of Fifth Pay Commission

2955. SHRI K.C. KONDAIAH:
SHRI H. JAVARE GOWDA:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that some of the State Govenments have not implemented Fifth Pay Commission recommendations for their employees on account of financial constraints and have asked the Central Government to share funds for the purpose;